

Highlights: Voluntary Severance and Pension Enhancements For Managers

To help meet our goals, Pacific Bell will participate in the following:

Voluntary Severance

All managers who choose to leave the business between November 1 and 30, 1991, will be eligible to receive a severance package calculated as follows:

Current compensation (current salary as of November 1 plus last TEAM award) x service multiplier x years of service.

Service multipliers are:

- 3% for 0 through 9 years of service
- 4% for 10 through 19 years of service
- 5% for 20 years of service or more (Those in this category will receive a maximum of one year's current compensation as severance.)

For example, severance for a manager with 12 years of service would be calculated at 48% of current compensation.

Managers taking this severance offering will receive their normal pension benefit if they leave in November, including any MRO 3 + 3 grant they may have already received.

Managers taking this severance offering must leave the payroll no later than November 30, 1991.

Pension Enhancements December 1, 1991

For purposes of determining pension amounts, all managers who are participants in the pension plan will have four years added to their age and years of service as of December 1, 1991. The pension computed as of that date will then become a manager's minimum service pension amount or deferred vested pension amount. (Note: this 4 + 4 enhancement is for pension calculation purposes only. It will NOT be used in determining pension eligibility).

For purposes of determining service pension eligibility, all managers whose actual combined age and years of service as of December 1, 1991, total 65 or more (without adding the 4 + 4 enhancement) will be considered eligible for a service pension and will remain eligible thereafter.

(over)

In addition, the company is also offering the following to managers eligible for a service pension who elect to retire between December 1 and 30, 1991:

- Early retirement age discounts will be waived. This means that eligible managers under age 55 will not be subject to an age discount and will receive their full pension.
- A supplement of 10% will be added to the monthly pension amount from retirement until age 62.
- In addition to the current monthly pension payment provision, participants will have lump sum payment options:
 - 100% of the present cash value of their service pension upon leaving the company, or
 - 25% of the present cash value upon leaving the company, and monthly pension payments for the remaining value of their pension.

Permanent Changes to Pension Plan

After November 1, 1991, any manager who chooses to leave the business will have the option of receiving 100% of the present cash value of their service pension or deferred vested pension in a lump sum payment.

Effective January 1, 1995, managers with 30 years of service regardless of age will be eligible to retire with a full pension (with no age discount). Also effective on that date, managers with 30 years of service or more will have their years of service capped for purposes of a pension computation. Managers reaching 30 years of service on or after January 1, 1995 will have their pension computed based only on 30 years of service. Compensation increases received after 30 years of service will continue to be recognized in the pension computation.

Management Employment Security Ends April 1, 1992

If involuntary separations become necessary after April 1, 1992, individual managers identified for separation will be offered a severance payment calculated at 2% of current compensation (current salary plus last TEAM award) x years of service.

Further Information

Managers will receive more information on the voluntary severance and pension enhancement plans throughout the month of October. Additional leave of absence and career transition programs will also be announced by the end of the month. Your supervisor will be your first point of contact for this information.

FOR IMMEDIATE RELEASE:
October 1, 1991
6 a.m. PDT

FOR MORE INFORMATION:
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Pacific Telesis Offers Early Retirement Plan

SAN FRANCISCO -- Pacific Telesis today announced force reduction plans which include voluntary severance and pension enhancements for management employees aimed at helping the company meet its previously stated goal of cutting about 11,000 jobs by 1995.

In January of 1990, Pacific Telesis announced a five-year force-reduction plan for Pacific Bell -- its largest subsidiary -- and the Pacific Telesis holding company staff. At the time, the holding company and Pacific Bell had about 62,000 employees. Today, through early retirement offerings, severance programs and attrition, the workforce has been trimmed to about 58,900.

"We have made good progress toward reaching our goal, thanks largely to the determination and extra efforts of our employees," said Sam Ginn, chairman and chief executive officer of Pacific Telesis.

"But after nearly two years, it is clear to me we are not reducing as quickly as we must. Competition in our markets is growing, faster than ever. We need to pick up the pace if we are to reach our goal," Ginn said.

The company expects about 3,000 managers -- or about 17 percent of its management force of 18,400 -- might take advantage of the force reduction plans.

The impact on 1991 net income will not be known until the number of participants, and the options chosen, are determined.

In addition to offering managers incentives to retire or leave the business, the company announced it is officially ending its employment security policy for managers. Effective April 1, 1992, the company can, if it is necessary to adjust the force, implement involuntary separation plans for managers.

"We have a dedicated, hardworking, talented workforce that would be the envy of many corporations," Ginn said. "The plain fact is, we need fewer management employees."

The company is offering a choice of programs for managers: an "early retirement" plan that enhances the pension benefits for eligible managers; or a "voluntary severance" plan that provides a one-time payment for managers who would like to leave the business.

The voluntary severance and pension enhancements will be offered to management employees at Pacific Bell, Pacific Bell Directory and the Pacific Telesis holding company. Other subsidiaries of Pacific Telesis Group -- Nevada Bell and the PacTel Companies -- will not participate in the program.

Today, there are about 17,200 managers at Pacific Bell, about 900 managers at Pacific Bell Directory and about 300 managers on the holding company staff.

(more)

The voluntary severance plan will be offered from November 1 to November 30. There will be a permanent minimum pension enhancement with additional incentives for those who choose to retire between December 1 and December 30.

"As we said in 1990, our industry is increasingly dynamic, and our staffing requirements will reflect that," Ginn said. "We need to demonstrate that we can move quickly, flexibly in response to changing conditions.

"Reducing staff is never easy or pleasant. But we believe our incentive programs are fair, and hope they will help our employees make decisions about their future with the company," Ginn said.

Pacific Telesis Group is a diversified telecommunications corporation based in San Francisco. Its subsidiaries include Pacific Bell, Pacific Bell Directory, Nevada Bell and the PacTel Corporation.

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Pacific Telesis Group
WORKFORCE FACT SHEET

| | 12/84 | 12/89 | 6/91 |
|-------------------|--------|--------|--------|
| Pacific Bell: | | | |
| Management: | 21,239 | 17,519 | 17,169 |
| Non-mgt.: | 53,384 | 44,008 | 41,071 |
| Total: | 74,623 | 61,527 | 58,496 |
| PB Directory: | | | |
| Management: | N/A | 819 | 934 |
| Non-mgt.: | N/A | 1,776 | 1,872 |
| Total: | 2,340 | 2,595 | 2,806 |
| PAC. BELL TOTAL: | 76,963 | 64,122 | 61,302 |
| PTG Holding Co: | | | |
| Management: | N/A | 361 | 307 |
| Non-mgt.: | N/A | 86 | 71 |
| Total: | N/A | 447 | 378 |
| Nevada Bell: | | | |
| Management | 318 | 212 | 240 |
| Non-mgt.: | 788 | 723 | 713 |
| Total: | 1,106 | 935 | 953 |
| PacTel Companies: | N/A | 2,232 | 2,597 |
| TOTAL: | | 67,736 | 65,230 |

October 1, 1991

HIGHLIGHTS
VOLUNTARY SEVERANCE AND PENSION ENHANCEMENTS FOR MANAGERS

Today Sam Ginn reiterated the end to the Management Employment Security Policy in Pacific Telesis Group holding company as of April 1, 1992.

Between now and then, managers in Pacific Telesis holding company, Pacific Bell and Pacific Bell Directory will be offered the following:

VOLUNTARY SEVERANCE

All managers who choose to leave the business between November 1 and 30, 1991, will be eligible to receive a severance package calculated as follows:

Current compensation (current salary as of November 1 plus last TEAM award) x service multiplier x years of service.

Service multipliers are:

| | |
|----|--|
| 3% | for 0 through 9 years of service |
| 4% | for 10 through 19 years of service |
| 5% | for 20 years of service or more (Those in this category will receive a maximum of one year's current compensation as severance.) |

For example, severance for a manager with 12 years of service would be calculated at 48% of current compensation.

Managers taking this severance offering will receive their normal pension benefit if they leave in November, including any MRO 3 + 3 grant they may have already received.

Managers taking this severance offering must leave the payroll no later than November 30, 1991.

PENSION ENHANCEMENTS DECEMBER 1, 1991

For purposes of determining pension amounts, all managers who are participants in the pension plan will have four years added to their age and years of service as of December 1, 1991. The pension computed as of that date will then become a manager's minimum service pension amount or deferred vested pension amount. (Note: this 4 + 4 enhancement is for pension calculation purposes only. It will NOT be used in determining pension eligibility).

For purposes of determining service pension eligibility, all managers whose actual combined age and years of service as of December 1, 1991, total 65 or more (without adding the 4 + 4 enhancement) will be considered eligible for a service pension and will remain eligible thereafter.

(more)

In addition, the company is also offering the following to managers eligible for a service pension who elect to retire between December 1 and 30, 1991:

- Early retirement age discounts will be waived. This means that eligible managers under age 55 will not be subject to an age discount and will receive their full pension.
- A supplement of 10% will be added to the monthly pension amount from retirement until age 62.
- In addition to the current monthly pension payment provision, participants will have lump sum payment options:
 - * 100% of the present cash value of their service pension upon leaving the company, or
 - * 25% of the present cash value upon leaving the company, and monthly pension payments for the remaining value of their pension.

PERMANENT CHANGES TO PENSION PLAN

After November 1, 1991, any manager-who chooses to leave the business will have the option of receiving 100% of the present cash value of their service pension or deferred vested pension in a lump sum payment.

Effective January 1, 1995, managers with 30 years of service regardless of age will be eligible to retire with a full pension (with no age discount). Also effective on that date, managers with 30 years of service or more will have their years of service capped for purposes of a pension computation. Managers reaching 30 years of service on or after January 1, 1995 will have their pension computed based only on 30 years of service. Compensation increases received after 30 years of service will continue to be recognized in the pension computation.

MANAGEMENT EMPLOYMENT SECURITY ENDS APRIL 1, 1992

If involuntary separations become necessary after April 1, 1992, individual managers identified for separation will be offered a severance payment calculated at 2% of current compensation (current salary plus last TEAM award) x years of service.

FURTHER INFORMATION

Managers will receive more information on the voluntary severance and pension enhancement plans throughout the month of October. Additional leave of absence and career transition programs will also be announced by the end of the month. Your supervisor will be your first point of contact for this information.

News Bulletin

Inside Line

News Update for the Financial Community

OCTOBER 1, 1991

Pacific Telesis today announced force reduction plans which include voluntary severance and pension enhancements for management employees aimed at helping the company meet its previously stated goal of cutting about 11,000 jobs by 1995.

The company expects about 3,000 managers — or about 17 percent of its management force of about 18,400 — might take advantage of the force reduction plans.

The impact on 1991 net income will not be known until the number of participants, and the options chosen, are determined.

The company is offering a choice of programs for managers: an "early retirement" plan that enhances the pension benefits for eligible managers; or a "voluntary severance" plan that provides a one-time payment for managers who would like to leave the business.

In addition, the company announced it is officially ending its employment security policy for managers. Effective April 1, 1992, the company can, if it is necessary to adjust the force, implement involuntary separation plans for managers.

"We have a dedicated, hardworking, talented workforce that would be the envy of many corporations," Ginn said. "The plain fact is, we need fewer management employees."

Under the early retirement plan all managers will have four years added to their age and service for purposes of determining pension amounts. For purposes of determining service pension eligibility, all managers whose combined age and service total 65 or more (without adding the four plus four enhancement) will be considered eligible for a service pension. In addition, for employees who retire during the month of December there would be additional pension enhancements, for example, no age penalty and 10% would be added to pension payments until age 62. The "voluntary severance" payment will be calculated based on the employee's years of service and will provide a maximum of one year of pay for 20 or more years of service. It will be offered from November 1 to November 30.

The voluntary severance and pension enhancements will be offered to management employees at Pacific Bell, Pacific Bell Directory and the Pacific Telesis holding company. Other subsidiaries of Pacific Telesis Group — Nevada Bell and the PacTel Companies — will not participate in the program.

FOR MORE INFORMATION CALL:

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Telops External News Release

**From: John Wallace, GTE Telephone Operations,
214/718-4015, (after 6 p.m. CDT, 817/329-1329)**

**For release:
October 17, 1991
1:00 pm CDT**

**Summary: GTE Telephone Operation continues national
workforce reductions.**

IRVING, Texas, Oct. 17 -- As part of its ongoing efforts to meet previously announced workforce reduction targets, GTE Telephone Operations today announced a nationwide voluntary separation program for select management-level employees.

The separation program is part of an overall plan to reduce the company's present nationwide workforce of 90,000 employees by 6.5 percent (roughly 6,000 positions) by the end of 1992. As previously announced, the reductions will be achieved through a combination of voluntary separation programs and normal employee attrition. In addition, options to reduce the hourly workforce are also being studied as part of the effort to reach the 6,000 reduction target by year end 1992. The company also said that involuntary separations may be required if sufficient reductions are not achieved through these efforts.

The company emphasized that minimal impact will occur in any single location since the reductions will occur throughout the company's 40-state domestic operations. All expenses related to today's announcement have been anticipated and included in reserves taken at the times those programs were originally announced.

Employees judged to have unique or critical skills may be excluded from the program.

GTE began a major restructuring program (called Winning

Connection II) of its telephone operations unit in 1988. The program has a workforce reduction target of 14,000 employees. In addition, the company previously announced a workforce reduction of 4,900 employees in connection with the merger with Contel Corporation. Today's announcement represents a continuation of efforts to achieve those targets.

The reductions, as previously announced, are part of an overall cost reduction effort by GTE Telephone Operations, resulting from improved technology, work center consolidations and competitive pressure to reduce costs and prices.

GTE Telephone Operations, the largest of GTE Corporation's business groups, provides local phone service through 18.7 million access lines in portions of 40 states and two foreign countries. In addition, GTE Telephone Operations markets telecommunication products and services internationally and supplies computer software and data processing nationwide. Revenues in 1990 totaled \$15.4 billion. GTE Telephone Operations has approximately 114,000 employees.

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November 1, 1991

Early-out plan for CWA workers OKed

GTE California and the Communications Workers of America last month agreed on an Enhanced Early Retirement Plan (EERP) for the company's hourly employees.

Under the plan, eligible hourly employees will have 3 years of service and 5 years added to their age for retirement purposes. An employee needs a total of 78 points, including his or her years of employment with GTE, plus the employee's age, to qualify for retirement.

The plan will apply to employees 52 years of age and older, with at least 12 years of service, who will have 68 points as of Dec. 31, 1991. Based on those requirements, GTE California has 2,437 employees eligible for the EERP. Enrollment period for the retirement plan will be Nov. 12 to Dec. 12.

All eligible employees will have their individual pension calculations mailed to their homes on Nov. 8 from GTE Shareholder Services in Massachusetts. Employees with company-designated "critical skills" may be asked to delay retirement to no later than June 30, 1992.

For the first time in GTE California history, hourly employees will have the option of taking a lump-sum payout in lieu of a monthly pension benefit. Those employees electing to retire will receive a transition payment of 180 hours calculated at the employee's basic wage rate, payable as a lump sum and given to employees the month after retirement. Any unused vacation will be payable as a lump sum as well.

The EERP provides for company-paid medical plan coverage for the employee until age 65. Employees may purchase dependent coverage through the GTE group medical plan for eligible dependents. Information pertaining to the medical premiums for dependent coverage will be mailed to eligible employees' homes Nov. 8.

When this program ends, the company will evaluate needs for further reductions based on the number of employees who took early retirement. If needed, an involuntary staff reduction would be conducted in early 1992.

The program is part of GTE's Corp.'s ongoing systemwide effort to downsize. GTE California alone has reduced its work force by nearly 4,000 employees, mostly by attrition, since the reduction effort began in 1988.

The downsizing is driven by improved technology, work center consolidations and continuing pressure to reduce costs and prices in an ever-increasingly competitive marketplace.

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APPENDIX 8

Reducing the SFAS No. 106 Obligation
via Plan Restructuring

Pacific Bell's 1989 Labor Negotiations

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APPENDIX 9

Pacific Bell's Pension Surplus

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APPENDIX 10

GTEC's Pension Surplus

APPENDIX 11

Components of the GNP-PI

Reconciliation and Other Special Tables

Table 1.—Revisions in Selected Component Series of the NIPA's, First Quarter of 1991

| | Seasonally adjusted at annual rates | | | Percent change from preceding quarter at annual rates | |
|--|-------------------------------------|---------|------------|---|-------|
| | Preliminary | Final | Difference | Preliminary | Final |
| Billions of current dollars | | | | | |
| GNP | 5,561.7 | 5,557.7 | -4.0 | 2.5 | 2.2 |
| National income | 4,461.1 | 4,456.4 | -4.7 | .1 | -.3 |
| Compensation of employees | 3,297.7 | 3,299.3 | 1.6 | 1.3 | 1.5 |
| Corporate profits with inventory valuation and capital consumption adjustments | 285.6 | 286.2 | .6 | -1.2 | -3.7 |
| Other | \$75.3 | \$70.9 | -4.4 | -3.8 | -5.8 |
| Personal income | 4,737.0 | 4,735.8 | -1.2 | 1.6 | 1.5 |
| Billions of constant (1982) dollars | | | | | |
| GNP | 4,126.5 | 4,124.1 | -2.4 | -2.6 | -2.8 |
| Less: Exports | 643.0 | 648.0 | 5.0 | -2.6 | .5 |
| Plus: Imports | 636.6 | 641.0 | 4.4 | -11.3 | -8.8 |
| Equals: Gross domestic purchases | 4,120.1 | 4,117.0 | -3.1 | -4.0 | -4.3 |
| Personal consumption expenditures | 2,664.9 | 2,663.7 | -1.2 | -1.3 | -1.5 |
| Durables | 401.3 | 402.9 | 1.6 | -13.1 | -11.7 |
| Nondurables | 896.8 | 897.1 | .3 | -1.9 | -1.8 |
| Services | 1,366.7 | 1,363.7 | -3.0 | 3.0 | 2.1 |
| Fixed investment | 649.9 | 648.6 | -1.3 | -17.9 | -18.5 |
| Nonresidential | 497.4 | 496.8 | -.6 | -15.9 | -16.3 |
| Residential | 152.4 | 151.8 | -.6 | -24.1 | -25.3 |
| Change in business inventories | -23.7 | -25.0 | -1.3 | | |
| Nonfarm | -26.8 | -28.1 | -1.3 | | |
| Farm | 3.1 | 3.1 | 0 | | |
| Government purchases | \$29.1 | \$29.6 | .5 | -1.5 | -1.3 |
| Federal | 348.8 | 349.3 | .5 | -1.3 | -.5 |
| State and local | 480.3 | 480.1 | -.2 | -1.7 | -1.9 |
| Index numbers, 1982=100 ¹ | | | | | |
| GNP price index (fixed weights) | 139.3 | 139.3 | 0 | 5.1 | 5.2 |
| GNP price index (chained weights) | | | | 5.1 | 5.2 |
| GNP implicit price deflator | 134.8 | 134.8 | 0 | 5.2 | 5.2 |
| Gross domestic purchases price index (fixed weights) | 139.1 | 139.1 | 0 | 3.6 | 3.7 |

¹ Not at annual rates.

NOTE.—For the first quarter of 1991, the following revised or additional major source data were incorporated.

Personal consumption expenditures: Revised retail sales for March.

Nonresidential fixed investment: Revised construction put in place for March and revised manufacturers' shipments of equipment for March.

Residential investment: Revised construction put in place for March.

Change in business inventories: Revised manufacturing and trade inventories for March.

Net exports of goods and services: Revised merchandise exports and imports for March, revised investment income receipts and payments for the quarter, and revised services exports and imports for the quarter.

Government purchases of goods and services: Revised State and local government construction put in place for March.

Net interest: Financial assets held by households for the quarter and revised net interest from the rest of the world for the quarter.

Corporate profits: Revised domestic book profits and profits from the rest of the world for the quarter.

GDP prices: Revised residential housing prices for the quarter.

The revised first-quarter estimates for net exports of goods and services and for net interest and profits from the rest of the world reflect first-quarter 1991 changes that are calculated from the revised international transactions accounts, which are described in "U.S. International Transactions, First Quarter 1991" in this issue. Revisions for 1987-90 will be incorporated into the NIPA's in the comprehensive revision scheduled for release in November 1991. The revisions for 1990, as well as those for the first quarter of 1991, are shown in the "Statistical differences" lines in table 2 on the following page.

| | 1982 | 1987 | 1982 | 1987 | 1982 | 1987 |
|-------------------------|----------|----------|----------|----------|----------|----------|
| BEEF | 0.00800 | 0.00760 | 0.01235 | 0.01141 | C.C3286 | C.03428 |
| PORK | 0.00739 | 0.00701 | 0.01141 | 0.01052 | C.C3033 | C.03162 |
| OTHER RED MEAT | 0.00083 | 0.00078 | 0.00128 | 0.00117 | C.C0339 | C.00350 |
| FLUID MILK | 0.00542 | 0.00476 | 0.00836 | 0.00714 | C.02224 | C.02145 |
| OTHER DAIRY PROD | 0.00459 | 0.00403 | 0.00709 | 0.00604 | C.01885 | C.01816 |
| POULTRY | 0.00320 | 0.00282 | 0.00494 | 0.00423 | C.C1315 | C.01270 |
| EGGS | 0.00158 | 0.00140 | 0.00244 | 0.00210 | C.C0650 | C.00632 |
| FRESH FRUIT | 0.00340 | 0.00305 | 0.00524 | 0.00458 | C.C1395 | C.01377 |
| FRESH VEGETABLES | 0.00547 | 0.00493 | 0.00844 | 0.00740 | C.02246 | C.02224 |
| PROC. FRUIT | 0.00262 | 0.00237 | 0.00404 | 0.00355 | C.01075 | C.01068 |
| PROC. VEGETABLES | 0.00628 | 0.00565 | 0.00970 | 0.00847 | C.02579 | C.02547 |
| GRAIN MILL PROD | 0.00244 | 0.00207 | 0.00376 | 0.00311 | C.C1001 | C.00935 |
| BAKERY PROD | 0.00645 | 0.00535 | 0.00995 | 0.00803 | C.C2647 | C.02414 |
| FATS AND OILS | 0.00238 | 0.00210 | 0.00368 | 0.00315 | C.C0979 | C.00948 |
| OTHER FARM FOOD | 0.00778 | 0.00684 | 0.01202 | 0.01027 | C.C3196 | C.03087 |
| FISH | 0.00304 | 0.00285 | 0.00469 | 0.00428 | C.C1248 | C.01286 |
| IMPORTED FOOD | 0.00706 | 0.00644 | 0.01089 | 0.00967 | C.C2827 | C.02906 |
| ALCOHOL IN OFF PREM | 0.01003 | 0.00826 | 0.01548 | 0.01240 | C.C4118 | C.03727 |
| FOOD IN PURCH MEALS | 0.03003 | 0.03175 | 0.04636 | 0.04765 | C.12331 | C.14320 |
| ALCOHOL IN PURCH MEALS | 0.00562 | 0.00526 | 0.00868 | 0.00789 | C.C2309 | C.02372 |
| FOOD SUPPLIED CIVILIANS | 0.00188 | 0.00189 | 0.00290 | 0.00284 | C.C0771 | C.00853 |
| FOOD SUPPLIED MILITARY | 0.00019 | 0.00012 | 0.00030 | 0.00018 | C.C0090 | C.00053 |
| FOOD ON FARMS | 0.00030 | 0.00019 | 0.00047 | 0.00028 | C.C0125 | C.00083 |
| FOOTWEAR | 0.00596 | 0.00573 | 0.00920 | 0.00860 | C.C2446 | C.02585 |
| WOMEN: S CLOTHES | 0.02144 | 0.02210 | 0.03310 | 0.03315 | C.C0805 | C.09964 |
| WOMEN: S LUGGAGE | 0.00052 | 0.00053 | 0.00081 | 0.00080 | C.C0215 | C.00240 |
| MEN: S CLOTHES | 0.01120 | 0.01100 | 0.01729 | 0.01651 | C.04598 | C.04961 |
| MEN: S LUGGAGE | 0.00013 | 0.00013 | 0.00020 | 0.00020 | C.C0054 | C.00060 |
| MILITARY CLOTHING | 0.00004 | 0.00002 | 0.00007 | 0.00003 | C.C0018 | C.00010 |
| GASOLINE AND OIL | 0.02814 | 0.01667 | 0.04344 | 0.02501 | C.11555 | C.07518 |
| PURCHASED FUEL | 0.00585 | 0.00380 | 0.00904 | 0.00571 | C.02404 | C.01715 |
| FARM FUEL | 0.00003 | 0.00000 | 0.00004 | 0.00000 | C.C0011 | C.00000 |
| TODACCO | 0.00779 | 0.00789 | 0.01202 | 0.01184 | C.C3198 | C.03558 |
| GOVT EXP ABROAD | 0.00088 | 0.00092 | 0.00136 | 0.00138 | C.C0362 | C.00415 |
| NONGOVT EXP ABROAD | 0.00002 | 0.00002 | 0.00003 | 0.00002 | C.C0009 | C.00007 |
| REMIT IN KIND | -0.00013 | -0.00010 | -0.00020 | -0.00015 | -C.00053 | -C.00045 |
| SEMI DUR HOUSE FURN | 0.00360 | 0.00354 | 0.00556 | 0.00532 | C.C1478 | C.01598 |
| DRUGS | 0.00699 | 0.00716 | 0.01079 | 0.01074 | C.C2871 | C.03227 |
| TOILET ARTICLES | 0.00595 | 0.00583 | 0.00919 | 0.00874 | C.C2445 | C.02627 |
| STATIONERY | 0.00166 | 0.00177 | 0.00256 | 0.00266 | C.C0691 | C.00799 |
| HONDUR TOYS, PART 1 | 0.00106 | 0.00118 | 0.00164 | 0.00177 | C.C0437 | C.00532 |
| HONDUR TOYS, PART 2 | 0.00066 | 0.00064 | 0.00101 | 0.00096 | C.00270 | C.00288 |
| HONDUR TOYS, PART 3 | 0.00359 | 0.00399 | 0.00555 | 0.00599 | C.01475 | C.01799 |
| FLOWERS | 0.00142 | 0.00154 | 0.00219 | 0.00231 | C.C0583 | C.00695 |
| LIGHTING SUPPLIES | 0.00070 | 0.00068 | 0.00107 | 0.00103 | C.C0285 | C.00308 |
| CLEANING PREP | 0.00383 | 0.00341 | 0.00591 | 0.00512 | C.C1572 | C.01539 |
| PAPER PROD, PART 1 | 0.00048 | 0.00043 | 0.00074 | 0.00065 | C.C0198 | C.00195 |
| PAPER PROD, PART 2 | 0.00026 | 0.00023 | 0.00039 | 0.00034 | C.C0105 | C.00104 |
| PAPER PROD, PART 3 | 0.00128 | 0.00115 | 0.00197 | 0.00172 | C.C0524 | C.00517 |
| PAPER PROD, PART 4 | 0.00059 | 0.00053 | 0.00091 | 0.00080 | C.C0243 | C.00239 |
| MAGAZINES, PART 1 | 0.00213 | 0.00201 | 0.00328 | 0.00301 | C.C0873 | C.00905 |
| MAGAZINES, PART 2 | 0.00149 | 0.00141 | 0.00230 | 0.00211 | C.C0612 | C.00634 |

OWNER OCC MOBILE HOMES
 OWNER OCC STAT HOMES
 TENANT OCC MOBILE HOMES
 TENANT OCC STAT HOMES
 TENANT GROUP EE LODGING
 TENANT GROUP ROOM+BOARD
 TENANT LLD BUR
 RENTAL VALUE FARM HOUSING
 HOTELS + MOTELS
 CLUBS + FRATERNITIES
 HIGHER ED HOUSING
 ELEM + SEC ED HSING
 ELECTRICITY
 NATURAL GAS
 WATER
 TELEPHONE
 DOMESTIC SERV, PART 1
 DOMESTIC SERV, PART 2
 MOVING + STORAGE
 HOUSEHOLD INSURANCE
 RUG + FURN CLEANING
 ELECTRICAL REPAIR
 UPHOLSTERY REPAIR
 POSTAGE
 HOUSEHOLD OP N.E.C.
 AUTO REPAIR
 BRIDGE + TOLLS
 NET AUTO INS
 TAXIS
 COMMUTER RAILROAD
 LOCAL TRANSIT
 INTERCITY RRS
 INTERCITY BUSES
 AIRLINE
 OTHER TRANS
 SHOE REPAIR
 CLEANING + LAUNDRY
 LAUNDRY, PART 2
 WATCH REPAIR
 CLOTHING REPAIR
 BARBER + BEAUTY PART 1
 BARBER + BEAUTY PART 2
 PHYSICIANS
 DENTISTS
 OTHER PROF MED
 BROKERS
 BANK SERVICE CHARGES
 IMP INT, COMM BANKS
 IMP INT, OTHER BANKS
 COST OF HANDLING LIFE INS

| 1982 | 1987 |
|---------|---------|
| 0.00249 | 0.00226 |
| 0.06640 | 0.06793 |
| 0.00051 | 0.00051 |
| 0.02336 | 0.02621 |
| 0.00001 | 0.00001 |
| 0.00009 | 0.00008 |
| 0.00071 | 0.00066 |
| 0.00409 | 0.00229 |
| 0.00272 | 0.00281 |
| 0.00013 | 0.00013 |
| 0.00085 | 0.00088 |
| 0.00004 | 0.00007 |
| 0.01487 | 0.01396 |
| 0.00812 | 0.00565 |
| 0.00372 | 0.00444 |
| 0.01125 | 0.00978 |
| 0.00226 | 0.00194 |
| 0.00023 | 0.00019 |
| 0.00131 | 0.00138 |
| 0.00055 | 0.00076 |
| 0.00007 | 0.00007 |
| 0.00049 | 0.00055 |
| 0.00046 | 0.00046 |
| 0.00140 | 0.00136 |
| 0.00059 | 0.00061 |
| 0.01119 | 0.01238 |
| 0.00039 | 0.00042 |
| 0.00286 | 0.00341 |
| 0.00093 | 0.00078 |
| 0.00012 | 0.00015 |
| 0.00096 | 0.00088 |
| 0.00014 | 0.00016 |
| 0.00040 | 0.00031 |
| 0.00463 | 0.00461 |
| 0.00039 | 0.00050 |
| 0.00018 | 0.00015 |
| 0.00122 | 0.00120 |
| 0.00083 | 0.00082 |
| 0.00030 | 0.00024 |
| 0.00134 | 0.00184 |
| 0.00306 | 0.00332 |
| 0.00064 | 0.00070 |
| 0.01719 | 0.02082 |
| 0.00550 | 0.00554 |
| 0.00648 | 0.01033 |
| 0.00266 | 0.00455 |
| 0.00255 | 0.00323 |
| 0.00935 | 0.01120 |
| 0.00366 | 0.00747 |
| 0.00801 | 0.00854 |

| 1982 | 1987 |
|---------|---------|
| 0.00385 | 0.00339 |
| 0.10252 | 0.10193 |
| 0.00079 | 0.00077 |
| 0.03607 | 0.03933 |
| 0.00001 | 0.00001 |
| 0.00014 | 0.00012 |
| 0.00110 | 0.00099 |
| 0.00631 | 0.00344 |
| 0.00421 | 0.00422 |
| 0.00020 | 0.00019 |
| 0.00130 | 0.00132 |
| 0.00006 | 0.00011 |
| 0.02295 | 0.02095 |
| 0.01254 | 0.00849 |
| 0.00574 | 0.00466 |
| 0.01736 | 0.01467 |
| 0.00348 | 0.00291 |
| 0.00035 | 0.00029 |
| 0.00202 | 0.00206 |
| 0.00085 | 0.00115 |
| 0.00011 | 0.00014 |
| 0.00075 | 0.00083 |
| 0.00071 | 0.00068 |
| 0.00216 | 0.00203 |
| 0.00091 | 0.00092 |
| 0.01728 | 0.01858 |
| 0.00060 | 0.00062 |
| 0.00442 | 0.00511 |
| 0.00144 | 0.00117 |
| 0.00019 | 0.00022 |
| 0.00148 | 0.00132 |
| 0.00022 | 0.00024 |
| 0.00061 | 0.00047 |
| 0.00715 | 0.00692 |
| 0.00060 | 0.00075 |
| 0.00023 | 0.00023 |
| 0.00188 | 0.00180 |
| 0.00128 | 0.00122 |
| 0.00047 | 0.00036 |
| 0.00207 | 0.00276 |
| 0.00472 | 0.00499 |
| 0.00100 | 0.00105 |
| 0.02654 | 0.03124 |
| 0.00849 | 0.00831 |
| 0.01001 | 0.01550 |
| 0.00411 | 0.00682 |
| 0.00394 | 0.00485 |
| 0.01443 | 0.01681 |
| 0.00564 | 0.01120 |
| 0.01236 | 0.01281 |

| 1982 | 1987 |
|---------|---------|
| 0.00760 | 0.00640 |
| 0.20470 | 0.19350 |
| 0.00159 | 0.00140 |
| 0.07202 | 0.07460 |
| 0.00093 | 0.00000 |
| 0.00028 | 0.00002 |
| 0.00220 | 0.00018 |
| 0.01260 | 0.00650 |
| 0.00840 | 0.00800 |
| 0.00040 | 0.00003 |
| 0.00261 | 0.00025 |
| 0.00012 | 0.00002 |
| 0.04583 | 0.03997 |
| 0.02503 | 0.01610 |
| 0.01146 | 0.01260 |
| 0.03467 | 0.02780 |
| 0.00695 | 0.00550 |
| 0.00070 | 0.00005 |
| 0.00403 | 0.00039 |
| 0.00169 | 0.00021 |
| 0.00022 | 0.00002 |
| 0.00150 | 0.00015 |
| 0.00142 | 0.00013 |
| 0.00432 | 0.00380 |
| 0.00181 | 0.00170 |
| 0.03451 | 0.03520 |
| 0.00119 | 0.00110 |
| 0.00982 | 0.00970 |
| 0.00288 | 0.00022 |
| 0.00038 | 0.00004 |
| 0.00296 | 0.00025 |
| 0.00043 | 0.00004 |
| 0.00122 | 0.00008 |
| 0.01427 | 0.01310 |
| 0.00120 | 0.00140 |
| 0.00055 | 0.00040 |
| 0.00376 | 0.00340 |
| 0.00256 | 0.00230 |
| 0.00024 | 0.00060 |
| 0.00413 | 0.00520 |
| 0.00943 | 0.00940 |
| 0.00199 | 0.00200 |
| 0.05299 | 0.05930 |
| 0.01694 | 0.01570 |
| 0.01998 | 0.02940 |
| 0.00820 | 0.01295 |
| 0.00786 | 0.00922 |
| 0.02392 | 0.03192 |
| 0.01127 | 0.02127 |
| 0.02469 | 0.02434 |

PCE SERVICES

| | WEIGHT IN GNP 1982 | 1987 | WEIGHT IN PCE 1982 | 1987 | WEIGHT IN PCE SR 1982 | 1987 |
|------------------------|-----------------------|---------|-----------------------|---------|--------------------------|---------|
| LEGAL SERVICES | 0.00593 | 0.00774 | 0.00915 | 0.01162 | 0.01327 | 0.02206 |
| FUNERAL AND BURIAL | 0.00155 | 0.00154 | 0.00240 | 0.00231 | 0.00479 | 0.00439 |
| LABOR UNION EXPS. | 0.00138 | 0.00113 | 0.00212 | 0.00170 | 0.00424 | 0.00323 |
| PROFESS. ASSOC. DUES | 0.00046 | 0.00052 | 0.00071 | 0.00079 | 0.00143 | 0.00149 |
| EMPLOY AGENCY FEES | 0.00027 | 0.00047 | 0.00041 | 0.00071 | 0.00082 | 0.00135 |
| POSTAL MONEY ORDERS | 0.00003 | 0.00003 | 0.00005 | 0.00004 | 0.00010 | 0.00008 |
| TELEGRAPH MONEY ORDERS | 0.00003 | 0.00004 | 0.00005 | 0.00006 | 0.00010 | 0.00012 |
| CLASSIFIED ADS | 0.00010 | 0.00016 | 0.00017 | 0.00027 | 0.00010 | 0.00012 |

| | | | | | | |
|---------------------------|---------|---------|---------|---------|---------|--------|
| CLOTHING REPAIR | 0.00134 | 0.00184 | 0.0002 | 0.0002 | 0.0013 | 0.0002 |
| HARDER & BEAUTY PART 1 | 0.00306 | 0.00332 | 0.004 | 0.00499 | 0.0013 | 0.0002 |
| HARDER & BEAUTY PART 2 | 0.00064 | 0.00070 | 0.00100 | 0.00105 | 0.0013 | 0.0002 |
| PHYSICIANS | 0.01719 | 0.02082 | 0.02654 | 0.03124 | 0.05299 | 0.050 |
| DENTISTS | 0.00550 | 0.00554 | 0.00849 | 0.00831 | 0.01694 | 0.011 |
| OTHER PROF MED | 0.00648 | 0.01033 | 0.01001 | 0.01550 | 0.01998 | 0.021 |
| BROKERS | 0.00266 | 0.00455 | 0.00411 | 0.00682 | 0.00820 | 0.011 |
| BANK SERVICE CHARGES | 0.00255 | 0.00323 | 0.00394 | 0.00485 | 0.00786 | 0.009 |
| IMP INT, COMM BANKS | 0.00935 | 0.01120 | 0.01443 | 0.01681 | 0.02892 | 0.030 |
| IMP INT, OTHER BANKS | 0.00366 | 0.00747 | 0.00564 | 0.01120 | 0.01127 | 0.021 |
| COST OF HANDLING LIFE INS | 0.00801 | 0.00854 | 0.01236 | 0.01281 | 0.02469 | 0.027 |

PCE SERVICES

| | WEIGHT IN GNP 1982 | 1987 | WEIGHT IN PCE 1982 | 1987 | WEIGHT IN PCE 1982 | 1987 |
|-----------------------------------|-----------------------|----------|-----------------------|----------|-----------------------|--------|
| LEGAL SERVICES | 0.00593 | 0.00774 | 0.00915 | 0.01162 | 0.01827 | 0.021 |
| FUNERAL AND BURIAL | 0.00155 | 0.00154 | 0.00240 | 0.00231 | 0.00479 | 0.004 |
| LABOR UNION EXPS. | 0.00138 | 0.00113 | 0.00212 | 0.00170 | 0.00424 | 0.003 |
| PROFESS. ASSOC. DUES | 0.00046 | 0.00052 | 0.00071 | 0.00079 | 0.00143 | 0.001 |
| EMPLOY AGENCY FEES | 0.00027 | 0.00047 | 0.00041 | 0.00071 | 0.00082 | 0.001 |
| POSTAL MONEY ORDERS | 0.00003 | 0.00003 | 0.00003 | 0.00004 | 0.00010 | 0.000 |
| TELEGRAPH MONEY ORDERS | 0.00003 | 0.00004 | 0.00005 | 0.00006 | 0.00010 | 0.000 |
| CLASSIFIED ADS | 0.00010 | 0.00016 | 0.00016 | 0.00024 | 0.00032 | 0.000 |
| ACCOUNTANTS | 0.00053 | 0.00069 | 0.00082 | 0.00104 | 0.00163 | 0.001 |
| RADIO & TV REPAIR | 0.00088 | 0.00083 | 0.00135 | 0.00125 | 0.00270 | 0.002 |
| MOVIE PICTURES | 0.00105 | 0.00094 | 0.00162 | 0.00140 | 0.00324 | 0.002 |
| LEGITIMATE THEATER | 0.00068 | 0.00088 | 0.00104 | 0.00133 | 0.00208 | 0.002 |
| SPECTATOR SPORTS | 0.00074 | 0.00067 | 0.00114 | 0.00101 | 0.00227 | 0.001 |
| CLUBS | 0.00121 | 0.00123 | 0.00187 | 0.00184 | 0.00374 | 0.003 |
| SIGHTSEEING | 0.00023 | 0.00013 | 0.00035 | 0.00020 | 0.00070 | 0.000 |
| PRIVATE FLYING | 0.00008 | 0.00009 | 0.00013 | 0.00014 | 0.00026 | 0.000 |
| BOWLING | 0.00055 | 0.00041 | 0.00084 | 0.00061 | 0.00168 | 0.001 |
| COMM & PART AMUSE NEC | 0.00308 | 0.00315 | 0.00476 | 0.00473 | 0.00950 | 0.008 |
| PART MUTUEL NET RECTS | 0.00071 | 0.00060 | 0.00109 | 0.00090 | 0.00218 | 0.001 |
| PITS | 0.00034 | 0.00031 | 0.00052 | 0.00046 | 0.00104 | 0.000 |
| VETERINARIANS | 0.00061 | 0.00070 | 0.00094 | 0.00105 | 0.00188 | 0.002 |
| CABLE TV | 0.00148 | 0.00271 | 0.00229 | 0.00407 | 0.00457 | 0.007 |
| FILM DEVELOPING | 0.00093 | 0.00083 | 0.00143 | 0.00124 | 0.00286 | 0.002 |
| PHOTO STUDIOS | 0.00088 | 0.00077 | 0.00136 | 0.00116 | 0.00271 | 0.002 |
| CAMPS | 0.00040 | 0.00042 | 0.00062 | 0.00063 | 0.00123 | 0.001 |
| HIGH SCHOOL REC | 0.00003 | 0.00003 | 0.00005 | 0.00004 | 0.00011 | 0.000 |
| LOTTERIES | 0.00062 | 0.00132 | 0.00096 | 0.00199 | 0.00191 | 0.003 |
| COMM AMUSE NEC | 0.00293 | 0.00398 | 0.00452 | 0.00597 | 0.00903 | 0.011 |
| PRIVATE HIGHER ED | 0.00381 | 0.00393 | 0.00588 | 0.00590 | 0.01175 | 0.011 |
| U.S. TRAVEL OUTSIDE U.S. | 0.00516 | 0.00750 | 0.00794 | 0.01125 | 0.01590 | 0.021 |
| FOREIGN TRAVEL IN U.S. | -0.00431 | -0.00662 | -0.00663 | -0.00993 | -0.01329 | -0.018 |
| OTHER PERSONAL BUS | 0.00023 | 0.00037 | 0.00036 | 0.00056 | 0.00071 | 0.001 |
| HOSPITALS | 0.02892 | 0.03045 | 0.04465 | 0.04569 | 0.08916 | 0.086 |
| NURSING HOMES | 0.00592 | 0.00638 | 0.00914 | 0.00957 | 0.01824 | 0.018 |
| ELEMENTARY AND SECONDARY SCHOOLS | 0.00280 | 0.00262 | 0.00432 | 0.00394 | 0.00863 | 0.007 |
| NURSERY SCHOOL | 0.00062 | 0.00081 | 0.00096 | 0.00122 | 0.00192 | 0.002 |
| COMMERCIAL & VOCATIONAL SCHOOLS | 0.00198 | 0.00270 | 0.00306 | 0.00405 | 0.00611 | 0.007 |
| FOUNDATIONS & NONPROFIT | 0.00108 | 0.00120 | 0.00167 | 0.00181 | 0.00333 | 0.003 |
| POLITICAL | 0.00017 | 0.00006 | 0.00026 | 0.00009 | 0.00051 | 0.000 |
| MUSEUMS & LIBRARIES | 0.00037 | 0.00044 | 0.00057 | 0.00067 | 0.00114 | 0.001 |
| FOUNDATIONS TO RELIGION & WELFARE | 0.00014 | 0.00019 | 0.00022 | 0.00028 | 0.00044 | 0.000 |
| SOCIAL WELFARE | 0.00801 | 0.00927 | 0.01237 | 0.01391 | 0.02469 | 0.026 |
| RELIGION | 0.00533 | 0.00512 | 0.00823 | 0.00768 | 0.01643 | 0.014 |
| MEDICAL AND HOSPITAL INS | 0.00279 | 0.00444 | 0.00431 | 0.00667 | 0.00861 | 0.012 |
| INCOME LOSS INS | 0.00084 | 0.00057 | 0.00130 | 0.00096 | 0.00259 | 0.001 |
| WORKERS COMPENSATION | 0.00114 | 0.00060 | 0.00176 | 0.00090 | 0.00352 | 0.001 |

| | WEIGHT IN GNP | WEIGHT IN GNP | WEIGHT IN FIX INV | WEIGHT IN PDE |
|--------------------------|---------------|---------------|-------------------|---------------|
| | 1982 | 1987 | 1982 | 1987 |
| RAILROAD STRUCTURES | 0.00093 | 0.00054 | 0.00622 | 0.00365 |
| TELEPHONE + TELEGRAPH | 0.00221 | 0.00179 | 0.01485 | 0.01207 |
| ELECTRIC | 0.00469 | 0.00233 | 0.03144 | 0.01568 |
| PETROL + GAS DRILLING | 0.01194 | 0.00221 | 0.08015 | 0.01489 |
| OTHER MINING | 0.00088 | 0.00033 | 0.00587 | 0.00222 |
| NONRES COMMISSIONS | 0.00019 | 0.00016 | 0.00125 | 0.00107 |
| NET PURCH NONRES | -0.00016 | -0.00016 | -0.00104 | -0.00105 |
| INDUSTRIAL BUILDINGS | 0.00548 | 0.00323 | 0.03677 | 0.02172 |
| COMMERCIAL BUILDINGS | 0.01183 | 0.01233 | 0.07941 | 0.08294 |
| RELIGIOUS BUILDINGS | 0.00049 | 0.00061 | 0.00327 | 0.00410 |
| EDUCATIONAL BUILDINGS | 0.00043 | 0.00068 | 0.00287 | 0.00458 |
| HOSPITALS & INSTITUTIONS | 0.00186 | 0.00134 | 0.01245 | 0.00899 |
| OTHER BUILDINGS | 0.00181 | 0.00232 | 0.01211 | 0.01564 |
| GAS PIPELINES | 0.00101 | 0.00065 | 0.00677 | 0.00439 |
| PETROLEUM PIPELINES | 0.00012 | 0.00008 | 0.00080 | 0.00055 |
| FARM | 0.00117 | 0.00048 | 0.00783 | 0.00323 |
| ALL OTHER PRIVATE | 0.00040 | 0.00066 | 0.00269 | 0.00444 |

| | PRODUCERS DUR EQUIPMENT | | WEIGHT IN FIX INV | | WEIGHT IN PDE | |
|-----------------------|-------------------------|---------|-------------------|---------|---------------|---------|
| | 1982 | 1987 | 1982 | 1987 | 1982 | 1987 |
| HOUSEHOLD FURNITURE | 0.00026 | 0.00031 | 0.00174 | 0.00209 | 0.00367 | 0.00401 |
| OTHER FURNITURE | 0.00301 | 0.00366 | 0.02017 | 0.02462 | 0.04260 | 0.05011 |
| FABRICATED METAL | 0.00302 | 0.00172 | 0.02027 | 0.01154 | 0.04282 | 0.02381 |
| STEAM ENGINES | 0.00034 | 0.00022 | 0.00229 | 0.00149 | 0.00484 | 0.00301 |
| INT COMP ENGINES | 0.00014 | 0.00011 | 0.00094 | 0.00075 | 0.00198 | 0.00154 |
| FARM TRACTORS | 0.00134 | 0.00087 | 0.00901 | 0.00584 | 0.01904 | 0.01191 |
| CONSTRUCTION TRACTORS | 0.00028 | 0.00042 | 0.00191 | 0.00282 | 0.00402 | 0.00584 |

CONFIDENTIAL DOCUMENT

APPENDIX 12

Impact of VEBA Contributions
on
Pacific Bell's and GTEC's Earnings

CONFIDENTIAL DOCUMENT

APPENDIX 13

AT&T's Use of Surplus Pension Assets
for
Advance Funding of PBOPs

APPENDIX 14

Status of Prefunding PBOPs

Selected Examples:

- 1) GE's adoption of SFAS No. 106
- 2) Hewitt Associates' 1990 Survey of PBOPs



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|--|---------|----------------|
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| Dept. | Phone # | |
| Fax # | Fax # | |

**GE Corporate Investor
Communications**

Warren C. Jenson
208/373-2468

GE TO ADOPT FAS NO. 106 IN THIRD QUARTER

Fairfield, CT -- September 16, 1991 -- General Electric Company announced today that it has decided to adopt in the third quarter the recently issued Financial Accounting Standard No. 106. This Standard requires a new method of accounting for retiree benefits other than pensions and must be implemented by all U.S. companies between now and year end 1993. The new accounting will be applied by the Company on a "catch up" basis rather than prospectively and will result in a one-time, after-tax charge to net earnings of approximately \$1.8 billion, less than 10 percent of GE's equity. As required by accounting standards, first quarter 1991 earnings will be restated to reflect the charge. This adjustment is consistent with estimates disclosed in the Company's 1990 annual report.

There will be no cash flow impact from the charge to earnings, and the Company has been informed by both Moody's and Standard & Poors that the adjustment will have no impact on GE's triple-A debt ratings.

The Company also stated its expectation that, despite a difficult economy, GE's wide diversity of businesses and continuing strong productivity gains should result in earnings per share increases for the third quarter, fourth quarter and full year 1991 before the effect of this accounting change.

*Survey of Retiree
Medical Benefits*

1990



Hewitt Associates